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BRIEF
SUBMITTED TO

THE ONTARIO COMMITTEE ON TAXATION

BY

THE ASSOCIATION OF MINING MUNICIPALITIES OF
NORTHERN ONTARIO

TO: CHAIRMAN AND MEMBERS,
THE ONTARIO COMMITTEE ON TAXATION,
88 University Avenue,
TORONTO 1, Ontario.

Gentlemen:

The Association of Mining Municipalities of Northern Ontario is composed of the following 26 municipalities, designated as mining municipalities by Regulations made by the Ontario Government under the Assessment Act. The total population of these communities is 202,865:

City of Sudbury	80,523 ✓
Town of:	
Blind River	3,894
Capreol	2,978
Chelmsford	2,593
Coniston	2,705
Cobalt	2,251 ✓
Timmins	29,270 ✓
Townships of:	
Blezard	5,038
Bucke	1,682
Capreol	2,098
Coleman	731
Drury, Dennison and Graham	1,800
Dowling	1,571
Falconbridge	1,345 ✓
Hanmer	5,043
Larder Lake	1,965
Mountjoy	2,415
McGarry	2,738
Neelon and Garson	5,345
Rayside	5,168
Teck	17,361
Tisdale	8,531
Waters	2,247
Whitney	1,811
Improvement Districts of:	
Elliot Lake	10,582
Onaping	1,180

1. Major problems of mining municipalities

Mining municipalities located in Northern Ontario and their ratepayers have always been subject to significant disadvantages in comparison with other Ontario municipalities.

Most of the member municipalities of this Association came into being solely to serve the mining industry and in all cases their continued existence is dependent on the industry. The dependence of any municipality on a single industry is serious in any circumstances but dependence on the mining industry results in many special problems to which other "one industry" municipalities are not subject. These problems include:

(i) Wasting nature of the industry

The mining industry and the municipalities which serve it are based on non-renewable natural resources and, unless alternative sources of production and employment can be found, it is inevitable that the need for municipal accommodation and services will diminish ultimately in proportion to the depletion of the local ore bodies. This condition frequently results in increased cost and difficulty in the financing of municipal capital expenditures. It also requires more rapid amortization of capital assets acquired both by the municipality and its residents and, consequently, increases the costs to which residents are subject.

(ii) Difficulty of attracting alternative or secondary industry

Mining municipalities, of necessity, must be located close to proven ore bodies. Such locations are frequently relatively inaccessible and invariably are remote from the larger Canadian markets. For this reason they are generally unattractive to other industries which have no direct relationship with mining. This disadvantage has been illustrated clearly by the fact that, despite the expenditure of very considerable time and effort over a long period of years, our member municipalities have been largely unsuccessful in attracting any significant volume of secondary industry.

(iii) Effect of mine production policies

The rate of extraction and treatment of ore by a mining company can and does have profound and sometimes disastrous effects on the economy of a community which is dependent on the mining operation for its existence. Accelerated production creates peaks of employment, necessitates rapid growth of the community with accompanying demands for rapid expansion of civic services and facilities and at the same time speeds the depletion of the ore bodies on which the economy of the community is dependent. Any reduction in an established rate of mine production results in serious unemployment which in turn creates increased financial burdens and other problems for the municipality.

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This condition renders almost impossible the orderly financial planning and development of a mining municipality. The municipality, and indeed the Province, have no authority to regulate the rate of mine production. The position of mining municipalities, therefore, is much more precarious than that of municipalities dependent on the province's other major resource industry, lumbering. Timber operations must be licenced and provincial statutes and regulations not only require reforestation but also control the rate at which timber is cut.

(iv) High Cost of services

The requirement that mining municipalities be located close to ore bodies frequently precludes the selection of desirable townsites. As a result, many of our member municipalities are located largely on rock or other difficult terrain which causes abnormally high costs for the installation of water mains, sewers and other municipal services.

(v) High education costs

The nature of the employment offered by the mining industry results in an unusually low average age for residents of mining municipalities which in turn gives rise to an abnormally high school population. As a result education costs tend to be considerably above provincial averages.

2. Taxing rights of mining municipalities

The many and costly problems which result from dependence on the mining industry have been aggravated by the fact that taxing rights of mining municipalities in Ontario have always been more restricted than those enjoyed by other municipalities. Under the Ontario Assessment Act, while mineral lands are assessable, ore in place is not and may not be taken into account in determining land values. Buildings, plant and machinery used for the extraction of ore are exempt. Thus mining municipalities have always been precluded from levying either realty or business taxes against the major portion of the properties of the very industry which is responsible for their existence.

It is true that over the years municipalities which had mines located within their boundaries have shared to some extent in the profits tax levied on the mining industry under the Provincial Mining Tax Act. Since 1952 municipalities which provide service to the mining industry and its employees (including municipalities which do not have mines actually within their boundaries) have received annual payments from the Province of Ontario in lieu of the normal right of direct taxation of mining properties or of any share of the provincial mining tax. These payments, while much more adequate since the adoption of a new basis of computation in 1952, have never replaced fully the direct taxing rights which are denied to mining municipalities and have never provided the members of this Association as a group with revenue from industrial sources in proportion to the high degree of industrialization which exists within our boundaries or as is warranted by each municipality's complete dependence on the mining industry.

A brief history of the bases on which municipalities have participated in provincial taxes collected from mining companies is set out in Appendix "A" attached.

The basis of permitting mining municipalities to tax mine profits (as determined under the Mining Tax Act) at fixed rates which was in effect prior to 1952 was subject to the following objections:

(i) No municipal tax was assessable during the development period prior to the establishment of mine production on a profitable basis. This was unsatisfactory as the requirements for, or cost of, municipal services have no relation to the profitability of the mine which made necessary the provision of such services.

(ii) Some of the deductions permitted as items of expense for purposes of the Mining Tax Act, while probably reasonable for provincial purposes, were not justifiable for municipal purposes.

(iii) Taxation at a low fixed rate for municipal purposes discriminated against other classes of taxpayers in the municipality, particularly in an era of rising municipal costs and high tax rates. This objection became more serious in the case of those mines (e.g. gold mines) whose production and profits were sharply reduced after municipal facilities had been provided to meet the requirements of previous periods of peak production.

(iv) Dormitory municipalities which provided facilities and services for mine employees but did not have a mine located within their boundaries received no part of the mining tax.

The present basis which has been in effect since 1952 involves the computation of an arbitrary "assessment" for mining companies in accordance with a formula which has been established by provincial regulation. The formula, as explained in Appendix "A", takes into account for each municipality a fixed dollar amount for each employee of those mines located within its boundaries. The annual provincial grant paid to each municipality in lieu of taxes on mine properties is then computed by applying the adjusted mill rate for the municipality concerned to the "assessment" so computed. Provision is also made for fixed dollar per capita grants in respect of each miner residing in a municipality but employed by a mine located outside the municipality.

The basis, while much more equitable than those previously in effect, is still subject to the following serious objections:

(i) The use of a fixed dollar amount per miner provides an inflexible "assessment" base which does not respond to changes in property values and assessment practices. The resulting inequities are only partly eliminated by the conversion of each municipality's regular assessment to an arbitrary equalized basis. This objection will become even more serious in the future if municipalities are required to adopt a proposed new Ontario assessment manual which provides for an assessment base more nearly approximating market value.

(ii) The fixed per capita payment per miner made in respect of resident miners who work outside a municipality does not respond to increases in the tax rate of a dormitory municipality. As a result, as costs of municipal services increase, the spread between the per capita payment and the amount which should be received as industrial taxes also increases and a further burden is thrown on the regular municipal taxpayer.

(iii) The fixed assessment per miner and the per capita payments provided by existing regulations do not provide mining municipalities with the equivalent of the proportion of industrial assessment warranted by the extremely high degree of industralization which exists and by their complete dependence on the mining industry. Many industrial municipalities in other parts of Ontario have a much higher proportion of industrial assessment although they are no more highly industrialized and are less dependent upon their industrial taxpayers.

It is submitted that, because of the very high degree of industrialization, the complete dependence on the mining industry and the special and costly disadvantages which result from this dependence, mining municipalities should be entitled to a larger, rather than a smaller, proportion of industrial tax or grant payments in lieu thereof. Such increased industrial tax revenues are urgently required to help defray the higher costs of providing municipal services, to provide for the required more rapid amortization of capital facilities (by limiting both the amount and term of capital borrowing) and at the same time, to maintain a reasonable and equitable tax rate for ordinary taxpayers.

5. Present position of mining municipalities

The mining community of Elliot Lake was organized, planned and developed by the Province of Ontario. Utilities, schools and other improvements were financed by the province. The Federal Government was involved in financing of housing. The standards of municipal services were set under government supervision. This could, therefore, be considered as the ideal of an Ontario mining community. None of the other member municipalities of this organization have anything approaching comparable housing or services. Many residents of some of the member municipalities lack adequate water and sewer services. Most of the municipalities are trying to supply these basic needs and improve housing standards but are prevented by insufficient revenue from industrial assessment and by the increasing cost of other municipal services, particularly to persons.

The old concept of a "mining camp" has largely disappeared along with the minimum standards of municipal services which were previously acceptable. The trend to the welfare state has had an impact on all municipalities but has had a greater effect on mining municipalities. Standards of public welfare services are set by the senior governments and per capita costs in some mining municipalities are as high or higher than in many large metropolitan areas. Education, police, fire and health services must be provided and these costs are constantly increasing. The Provincial Government could not tolerate a reversion to the minimal standard of services provided in mining communities thirty years ago. As an outstanding example, the control of pollution of streams and lakes has been extended into northern areas by Ontario Water Resources Commission, involving many municipalities in large capital expenditures. Pressures are constantly exerted by other Departments of Government to improve existing services and to undertake new ones.

Most mining municipalities find themselves in a financial strait jacket as, unlike other municipalities, the increase in taxable industrial assessment or mining revenue payments has not increased in proportion to their growing needs.

4. Responsibility of the Province of Ontario

The control and development of natural resources in Ontario is the exclusive responsibility of the Province of Ontario. It is submitted, therefore, that the Province of Ontario has an equal responsibility to those municipalities which have been brought into existence to serve the mining industry and which are an essential part of the industry.

While mining municipalities are in desperate need of additional sources of industrial tax revenue, it is not suggested that such revenues should be obtained by imposing new or additional taxes on mining operations. The tax policy of the Province of Ontario has been designed traditionally to encourage the discovery and development of new mineral deposits and no change in this policy is proposed by this association. There is no suggestion, therefore, that mine buildings and machinery or ore in place should be made subject directly to municipal taxes as this would tend to discourage the development of new mines.

Some of the difficulties and resulting inequities which result from attempts to levy a tax for municipal purposes on any assessment based on a physical appraisal of mining properties are set out in Appendix "C" attached.

It is suggested, however, that mining municipalities should be reimbursed fully by the Province for the industrial tax revenues which are denied as a result of provincial policy. Such full reimbursement is not only urgently required but would appear to be economically feasible. During the period 1952 to 1961 inclusive, mining tax payments to the province totalled almost $90,000,000, while payments to mining municipalities amounted to less than $26,500,000 or approximately 29.6%. The mining tax is a special tax levied against profits of the mining, petroleum and natural gas industries and, except for taxes levied under the Logging Tax Act, no comparable tax is levied against any other industry in Ontario. (It is interesting to note that, unlike the Mining Tax Act, the payment of tax under the Logging Tax Act does not confer exemption from municipal tax.) In addition to mining taxes collected, the Province of Ontario levies corporation tax against mines profits at the same rate and on the same basis (except for depletion allowances and the three year tax holiday granted to new mines) as that applied to all other corporations. Collections under the Mining Tax Act may be considered, therefore, as a special source of revenue to the province - a royalty paid for the right to

exploit a natural resource. It is submitted that the provision of adequate payments in lieu of municipal taxes on mine properties should be considered a first charge against this special provincial revenue.

In summary, it is submitted that in the determination of any method for the taxation of operating mines, the amount of the net yield from any tax or royalty for provincial purposes should be a secondary consideration to the following principles:

(i) The provision to mining municipalities of sufficient mining tax or revenue payments in lieu thereof to enable them to provide a reasonably adequate standard of municipal services to the mines and mining employees without the imposition of an excessive tax rate on real property;

(ii) Any system of taxation adopted should be devised so as not to discourage mining development, particularly those operations requiring large capital investments in processing plants but operating on a narrow margin of profit;

(iii) The principle of exempting mineral in place from assessment and taxation and the imposition of a tax on the value at the pit's mouth should be continued;

(iv) Any system of mines taxation should also be used as an instrument to provide incentives for further mining development in Ontario by operating mines - particularly in their immediate area in order that more of the mineral resources of such areas can be developed for the maintenance of the communities located therein and for the benefit of the Province as a whole.

The member municipalities of this association urge that, in devising any system of mines taxation, first priority should be given to the above principles before any consideration is given to the amount of the net revenue to be retained by the province from any royalty tax. The Province of Ontario cannot afford to regard its northern resource areas with their still great potential as a farmer does his "wood lot".

In addition to the direct financial assistance to which mining municipalities are entitled, it is suggested that it is clearly in the interest of the province to ensure the continuing economic use of the housing accommodation and municipal services and utilities which have been provided in such communities. In the case of gold mining communities, the federal government has acknowledged a measure of responsibility by the enactment, modification and extension of The Emergency Gold Mining Assistance Act. This assistance has been justified in part as being necessary to assure the continuation of the industry in order to support the gold mining communities. Recent federal legislation has also attempted to encourage the establishment of industry in depressed areas through the granting of income tax incentives.

It is submitted, therefore, that the province can and should make an effective contribution to the economic support of depressed mining communities through the granting of tax concessions to the extent possible within provincial fields of taxation. Such concessions should be designed to provide substantial incentives for the establishment of secondary industry (particularly for the processing of other available natural resources) and for the development of new mines.

It is further submitted that the province after making appropriate concessions from its own revenues, should then urge the federal government to join in the proposed re-development program by making the much more significant concessions which are possible within the greater fields of federal taxation and revenue.

[illegible]mendations

(a) Mining revenue payments

While the system of mining revenue payments (in effect a method of [illegible]ling industrial tax revenues and making distribution among a number of municipalities) is unusual in Ontario tax practice, it is submitted that it is warranted by the complete dependence of the province's mining areas on the mining industry and by the inter-dependence of such areas. This inter-dependence is illustrated by the practice of the gold mining industry in its early days when it drew on the experience and know-how of the employees of the silver mines. Similarly, the base metal and uranium mines have drawn heavily from the experienced and skilled personnel of the gold areas. At one time in one mining municipality there were miners employed at twenty-five different mining locations outside the municipality where their families were domiciled. Ontario diamond drillers, domiciled in mining municipalities, are employed in mining operations not only in Ontario and other provinces of Canada, but in many other countries and continents. There is a constant movement of miners from one mining area to other areas, where wages, living or working conditions and opportunity are more attractive.

For these reasons and because of the great difficulty involved in designing a basis of taxing mines which would be not only equitable for municipal purposes but also would not tend to discourage development of new mines, it is submitted that the present system of mining revenue payments to mining municipalities should be continued by the Province of Ontario in lieu of the normal direct rights of municipal taxation. It is recommended, however, that, in order to provide the municipalities with a more equitable amount of revenue in lieu of industrial taxation, the formula presently established by regulation should be revised as follows:

(i) The present $1,800.00 fixed assessment for each miner working and residing in a municipality should be increased to $3,000.00 (Sec. 1(g)(i)).

(ii) The present assessment for each miner working in and residing outside a municipality should be increased to $1,500.00 (Sec. 1(g)(ii)).

(Note: The assessments per miner suggested above are related to present assessment valuations and practices and should be subject to periodic future review and adjustment in order to reflect changes in such practices and in current values).

(iii) The per capita payment per miner residing in and working outside a municipality should be discontinued and in lieu thereof such mine employees should be treated on the same basis as mine employees residing outside and working in the municipality so that they will be included in the computation of the municipal mines assessment of the municipality in which they reside on the basis of $1,500.00 per miner. (The adoption of this recommendation would necessitate a full review of the present basis of allocation of the proceeds of mining revenue payments as between a municipality and its local boards).

(iv) Where the majority of the employees of a mine located in territory without municipal organization are resident in a mining municipality, they should be considered as resident employees in such municipality (as defined in section 1 (f) (i) of the regulations) and the municipal mines assessment under section 1 (g) and the mining revenue payment under the regulations should be calculated by including such employees under section 1 (g)(i), and the profit of the said mine under section 1 (g)(iii).

The proposed increases in the fixed amounts included in the "assessment" formula for each miner would not only reflect the general increase in price levels since the last formula revision but would also have the effect of providing mining municipalities with industrial assessment more commensurate with the degree of industrialization which actually exists. If the proposed formula revisions are applied to the two largest urban members of this association industrial assessment (including the amount on which mining revenue payments would be based) would represent the following proportions of total assessment:

City of Sudbury	23.7%
Town of Timmins	23.1%

These results compare with percentages of industrial assessment reported by other industrial Ontario municipalities as follows:

City of Brantford	25.5%
City of Chatham	24.1%
City of Hamilton	24.1%
City of Fort William	26.5%
City of Oshawa	29.9%
City of Sault Ste. Marie	32.2%

In this connection it is submitted that mining municipalities are not less highly industrialized than the other Ontario cities listed above. It is also of interest to note that two of these cities (Brantford and Chatham) have recently been designated as "areas of slow growth" for purposes of the Canadian Income Tax Act. The tax incentives offered to new industry as a result of this designation, if successful, will tend to further increase the present ratio of industrial assessment.

Mining municipalities which, by their very nature, must lack the industrial diversification enjoyed by most of the other municipalities listed above and which are dependent upon a depleting, non-renewable natural resource, maintain that, in comparison with other industrial municipalities, they are entitled to have a larger, rather than a smaller, proportion of the total tax burden borne by industrial taxes or payments in lieu thereof.

The proposal to substitute an assessment basis for the present fixed per capita payments for miners residing in and working outside a municipality would provide more equity in payments to dormitory municipalities. The computation of the mining revenue payment would be wholly on the assessment per miner basis and the resulting mining revenue payments would respond to changes in municipal tax rates. Accordingly, municipalities which provide a comparatively high standard of municipal services reflect by higher budget costs would receive a proportionately larger payment per miner than those which provide lesser service at a lesser cost.

As an illustration of the present inequity resulting from fixed per capita payments - the Town of Timmins is largely a dormitory municipality and the Improvement District of Elliot Lake includes all the area mines and most of the miners are resident. In 1963 Elliot Lake received $1,106,683.00 in mining revenue payments equal to $104.58 per capita of population, while Timmins received $266,425.00 or $9.11 per capita of population.

The recommendation with respect to the treatment for assessment purposes of resident miners employed by a mine located in unorganized territory is based on the fact that the municipal services required by a mining property in unorganized territory (where only caretaking employees are resident on the property) are extremely limited. However, the demands for municipal and educational services on the municipality in which the majority of the employees of the mine live are constantly increasing. If the mine is located in another designated mining municipality certain services are provided to the property even if the majority of the employees live in another municipality and the mining municipality servicing the mine is entitled to its share of the mining revenue payment.

Under the present regulations when a mine is located in unorganized territory the Provincial Government receives all of the Mines Profit Tax, provides little or no municipal service to the property and in most cases pays out a very minor part of the tax proceeds on existing flat per capita payments to the municipalities which service the employees. In these circumstances it is submitted that the dormitory municipality is entitled to the full amount of mining revenue payments which would be paid if the mine were located within the municipal boundaries.

(b) Assessment Act

The provisions of Section 35(5) which exempt minerals and also buildings and plant essential to the extraction, concentration and beneficiation of such minerals from municipal assessment should be clarified.

The interpretation of this section has led to wide variations in the assessment of certain buildings on the properties of operating mines and frequent references to various courts of appeal have been necessary.

(c) Incentives for the establishment of secondary industry

It is suggested that some or all of the following tax concessions merit consideration as suitable incentives for the establishment of new industry in mining municipalities:

(i) Increased exemption for new mines:
The extension of the exemption from corporation tax granted to new mines from the present three year period to - say - five years together with a similar exemption from mining tax.

(ii) Increased depletion allowances for new mines:
These could be made applicable to both corporation tax and mining tax. Consideration should also be given to permitting depletion allowances to nickel, silver and other mines on the more generous basis now established for gold mines.

(iii) Tax holiday:
The granting to any new industry an exemption from corporation tax (similar to that now granted to new mines) for the first three to five years of operations. This concession might well be limited to manufacturing or processing industries which provide employment for a specified minimum number of persons.

(iv) Additional depreciation:
To be effective, this type of concession should take the form of a true additional allowance in respect of new capital investment and should not be related to or have the effect of reducing normal depreciation allowances in any way.

(v) Rebate of stumpage fees:
Such a rebate if granted in respect of forest products processed in specified Northern Ontario communities should have the effect of encouraging the development of processing plants close to existing forest resources.

It should be noted that, as suggested earlier, the above tax concessions if granted by the Provincial Government can be really effective only if accompanied by similar concessions from the Federal Government.

It is suggested that if such tax concessions were granted, they could be administered without serious difficulty under an appropriate set of regulations. Such regulations would define clearly the conditions under which a mining area would qualify for tax concessions to new industry. These conditions might include a requirement that a specified minimum percentage of the resident work force had at one time been engaged in mining. As mining areas can be defined readily, the government regulations might actually specify the areas which met the minimum qualifications suggested above.

While it might appear that the suggestions set out above would place a substantial burden on the provincial treasury, it is suggested that in the final analysis this would not be the case for the following reasons:

(i) The concessions proposed would not result in any significant reduction in tax revenues but would merely represent the forgoing of a portion of the taxes which might otherwise be collected in the future from newly-established industry. As the purpose of the concessions is to encourage the development of new industries which would not otherwise be initiated, there would be no loss of present revenues and ultimately, after the expiry of the incentive period, new tax revenues would be provided from industries which otherwise would not have existed.

This proposition can be illustrated by reference to the large deposit of low and medium grade iron ore located in Boston Township which adjoins the Township of Teck. Such deposits are in surplus supply all over the world and until recently could not be developed economically. A few years ago the technological advances which are being made constantly by the steel industry on the concentrating of low grade ore made the development of such deposits economically feasible and, in fact, gave some temporary economic advantage to the Boston Township deposits over similar deposits in Wisconsin and Minnesota. Such advantages can be wiped out over-night by

relatively minor further advances in treatment techniques but fortunately, development of the Boston Township ore body was commenced during the period when they still existed. If this had not been the case, it is unlikely that the Boston Township deposits would ever have been developed in the foreseeable future. It seems obvious that concessions granted to encourage immediate development of such a deposit would be repaid many times over both in future tax revenues and in contributions to the total economy of the province.

(ii) The suggestions, if carried to a successful conclusion, would reduce unemployment and thus result in substantial reductions in the amount of payments by the province toward the cost of welfare and other services.

(iii) The plan would also make possible the avoidance of the substantial costs which would otherwise be involved in re-locating and retaining mine employees in the event of any significant reduction in the rate of mine production. In the absence of alternative employment in existing mining communities such costs would be inevitable as most miners whose skills are limited to those required by the mining industry would require extensive re-training to enable them to compete for the more highly skilled and specialized jobs available in other parts of the province.

(iv) The provision of suitable alternative employment would encourage miners to remain in established mining communities and thus would avoid the further aggravation of the existing unemployment problem which would result if these men entered competition for the limited number of jobs available in other parts of the province.

All of which is respectfully submitted.

February 18, 1964.

The Association of Mining Municipalities of Northern Ontario

C. M. SHIELDS
President

C. S. ANDERSON
Secretary-Treasurer

APPENDIX A

THE ASSOCIATION OF MINING MUNICIPALITIES OF NORTHERN ONTARIO

BRIEF TO

THE ONTARIO COMMITTEE ON TAXATION

BRIEF HISTORY OF THE BASES ON WHICH MINING MUNICIPALITIES HAVE PARTICIPATED IN PROVINCIAL TAXES COLLECTED FROM MINING COMPANIES

When the first taxes on mines were imposed by the Provincial Government little consideration was given to the problem of municipal taxation of mines as the development of the larger mining communities dependent on mining was not then foreseen. The Provincial Government was taxing primarily for revenue purposes but in such a way as not to discourage mining development.

Mr. Mickle, the first Provincial Mines Assessor, stated that the primary consideration in adopting the mines profit tax system was to achieve simplicity of administration and not necessarily equity. The needs of the mining communities and their place in mining development were a minor consideration. Since then there has been constant modification of this attitude up to the present time when we find the Provincial Government very much involved in the development, financing and administration of new mining communities in different parts of the Province. The Dominion Government's present assistance through EGMA to the Gold Mining Industry was instituted to keep this industry and its communities alive. One of the chief reasons advanced by the Dominion Government in enacting and extending this legislation was that of maintaining the communities dependent on gold mining.

The general principles which governed the first statutes for taxation of mines and mineral lands for municipal purposes still form the basis of the existing legislation. Mineral lands were assessable but mineral in place was not assessable and not to be considered in determining the value of land. Buildings, plant and machinery used for extraction of ore were exempt.

Originally, the municipality in which a mining work was located received a portion of the tax on annual profits as determined by the Provincial Mine Assessor, under the Mining Tax Act, limited to 1½% of the first $2,333,333 of profit in excess of $10,000. The general principle was to exempt mineral in place from assessment or taxation but to impose a limited tax when the value of the mineral had been determined after extraction.

The first change was in 1927 when an additional 1% was levied on the excess profit over $2,333,333 - (or $35,000 in tax). The next significant change was in 1939 when this additional 1% over $2,333,333 was increased to 2½%.

In addition to the municipal share of the profits tax, the income of mining companies from a rest or reserve fund was assessed as personal income in the municipality where the head office was located at the ordinary mill rates in effect for the municipality. Few mines paid this tax during the period it was in effect because most head offices were located in other municipalities in the southern part of the Province. This form of tax ended about 1939 when the field of income tax was taken over entirely by the Dominion Government.

Another important change in principle was established in 1943. Sub-section (j) of Section 4 of The Provincial Mining Tax Act provided for the deduction as an item of expense of all taxes paid by a mine to the Dominion Government under the Income War Tax Act and the Excess Profits Tax Act. With the increases in the rates of these taxes the priority of Dominion taxes resulted in a substantial reduction in the net amount of tax payable to the Province and municipalities under the Provincial Mining Tax Act. If the amount of tax from this source received by the municipality had been raised by a direct tax on the real property of mines the amount so paid would have been deductible by the mining companies as an item of expense for Dominion Income Tax purposes.

The municipalities approached the Dominion Government to allow the portion of the tax received by municipalities to be deducted as an item of expense in computing the tax payable by the mining companies on income. The Dominion Government agreed to the proposal and enabling legislation was passed. The Provincial Government was then asked to amend the Mining Tax Act and Assessment Act so as to give effect to this proposal by deleting Dominion taxes as a deductible item under the Mining Tax Act. The Provincial authorities would not do so, however, as they wished to establish the same principle of priority for Provincial taxes levied under the Provincial Mining Tax Act. Compensating grants were paid to municipalities by the Province up to the time the Dominion legislation was passed giving priority to taxes under the Provincial Mining Tax Act. It should be noted that, as pointed out in a brief filed by the Ontario Mining Association, the wording of both the Dominion and Provincial statutes is such that provincial mining taxes are, in fact, not fully deductible from income for corporation tax purposes.

In 1944 a Royal Commission reported to the Provincial Government on the problems of the mining industry and of mining municipalities. Some of the findings and recommendations respecting mining municipalities recognized the need for more revenues for municipal purposes.

In the period 1944 to 1952 the following were the developments in tax legislation affecting mining municipalities:-

(a) the elimination of Dominion taxes as an item of deductible expense in computing taxes payable under The Mining Tax Act for both municipal and Provincial purposes;

(b) an increase in the total rates of taxation on profits under the Mining Tax Act which approximately doubled the former amount received by the Provincial Government under this Act.

(c) an increase in the rate of the Provincial acreage tax under the Mining Tax Act, and the extension of the tax to lands in organized municipalities which more than doubled the revenue of the Provincial Government from this source;

(d) the repeal of the section which established a minimum basis of assessment on mining lands for municipal purposes at not less than the nearest agricultural land;

(e) an amendment to the Assessment Act which made the rate of tax payable by a mine liable to taxation for municipal purposes under the Mining Tax Act subject to the approval of the Department of Municipal Affairs;

(f) institution in 1948 of special grants based on profits at varying mill rates in the different municipalities and establishing a floor for such grants, effective for the years 1948 to 1952, inclusive, and

(g) an amendment to the Assessment Act in 1954 which prevented the Municipality from tax enforcement procedures against any mineral rights. Where the surface rights on a mining claim became liable for sale or registration the municipality could only sell or register the surface rights. The Province undertook to buy back such surface rights at a maximum of $3.00 per acre.

In 1951 the Association of Mining Municipalities submitted a proposal to the Provincial Government recommending that:

(a) The Mining Municipalities would forego receiving directly any portion of the tax imposed under the Mining Tax Act;

(b) An assessment on each operating mine would be arrived at not by making a physical appraisal of the mining property but by a formula based on the following factors:-

(i) Number of employees resident and employed by a mine within the municipality multiplied by a fixed amount of assessment per employee;

(ii) Number of employees not resident in the municipality but employed at a mine therein multiplied by one-half of the fixed amount of assessment per employee referred to in (i);

(iii) The assessable profits of the mine as determined by the Provincial Mines Assessor under the Mining Tax Act.

The net assessment would be arrived at by dividing the total of (i) plus (ii) plus (iii) by 2 (or 50% of the total).

This assessment would be placed on the assessment rolls of the municipality and assessed jointly against the mining company and the Provincial Government. This assessment would be liable for all appropriate municipal and school taxes. The tax would be paid by the Provincial Government to the municipality out of the total pooled tax collected under the Mining Tax Act.

In addition to the above assessment basis, a flat sum per miner would be paid to those municipalities which had resident miners working in mines outside the boundaries of the municipality, thereby furnishing some assistance to these dormitory municipalities which provide municipal and educational services to mine employees.

The Government accepted the proposal in principle but evolved a grant system (Mining Revenue Payments) using the same factors, including an equalized assessment and the tax rate of the municipality adjusted thereon. This system of mining revenue payments commenced in 1952 and is still in effect. The basic assessment per miner factor was increased from the original amount of $1,100 to $1,800 and a floor was established so that any reduction in mine profits could not reduce the total assessment below the amount produced by the first part of the formula based on the fixed assessment per miner. The flat payment per miner to those municipalities with resident miners employed outside the municipality was increased from $25 to $45.

To qualify for the mining revenue payments, municipalities must be designated as a mining municipality and submit their budgets, tax rates, etc., to the Provincial Government for approval.

It is generally conceded that this system of payments has greatly improved the position of mining municipalities in Ontario, and that the submissions at the time the original proposal was made have been borne out in practice. It was said at that time the system would -

(a) be simple to apply and would avoid costly assessment disputes between municipalities and mines;

(b) furnish municipalities with some revenue during the period prior to the mine making a taxable profit and during the later years when profits are lower due to increasing costs or depletion of profitable ore;

(c) provide a method of determining grants payable to dormitory municipalities with no mines within their borders;

(4) provide a method whereby the taxes of operating mining plants for both Provincial and municipal purposes would be on a basis of taxable profits and under which the mines would deal only with the Provincial Government.

All of these claims have been substantiated by actual experience.

The present provincial regulations which provide for mining revenue payments to mining municipalities are reproduced in Appendix B attached.

Reg. 31 of Revised Regulations of Ontario, 1960

as amended by O.Reg. 130/61, O.Reg. 248/61, O.Reg. 331/61,

O.Reg. 50/62, O.Reg. 63/62, O.Reg. 3/63 and O.Reg. 11/63

under The Assessment Act

PAYMENTS TO MINING MUNICIPALITIES

INTERPRETATION

1. In this Regulation,

(a) "adjusted mill rate" means the number of mills in the dollar determined by dividing the total of all estimates for the preceding year approved for the purpose of mining payments in respect of a municipality by the total of the municipal mines assessment and the equalized assessment of the municipality for the same year;

(b) "approval of the Minister" means the approval of the Minister as signified by his signature on estimates, by-laws, resolutions, conveyances and other records and documents;

(c) "equalized assessment" means the assessment amount determined in accordance with Section 18;

(d) "local board" means any school board, public utility commission, transportation commission, public library board, board of park management, local board of health, board of commissioners of police, planning board or any other board, commission, committee, body or local authority established or exercising any power or authority under any general or special Act with respect to any of the affairs or purposes, including school purposes, of a municipality or of two or more municipalities or portions thereof;

(e) "mine or mineral work" includes smelters;

(f) "mining employee" means any person who is in receipt of or entitled to any salary, wages, or other direct compensation for services or labour performed in Ontario at the locations excepted from assessment under subsection 5 of section 35 of the Act, and who is,

(i) resident in a mining municipality at the time of the making of the last assessment of the mining municipality, or

(ii) resident outside a mining municipality and employed at a mine or mineral work in a mining municipality on the 1st day of October in any year;

(g) "municipal mines assessment" means 50 per cent of the total of,

(i) $1,800 for each mining employee shown in the register of the preceding year as working and residing in the municipality,

(ii) $900 for each mining employee working in and residing outside the municipality on the 1st day of October in the preceding year as determined under section 20, and

(iii) mines profits as calculated under section 3 of The Mining Tax Act and set out by the mine assessor in the notice of assessment referred to in section 11 of The Mining Tax Act or, where the amount of the mines profits as so calculated is not known at the time the mining payment is computed, the estimated amount of mines profits as set out in the return under section 6 of The Mining Tax Act and reported in writing by the mine assessor, and the amount of mines profits so calculated or estimated shall be in respect of all mines or mineral works located in the year of payment in the area comprising the municipality in that year and the amount of such mines profits shall be the greater of those calculated in respect of the year 1956, or those calculated or estimated in respect of the year two years preceding the year of payment, but in this calculation the mine profits earned by a mine or mineral works that last operated on or after the 1st day of January, 1957, shall in each of the five years following the year in which the mine or mineral works last operated be the amount calculated as follows:

(a) In the first year, 100 per cent,
(b) In the second year, 80 per cent,
(c) In the third year, 60 per cent,
(d) In the fourth year 40 per cent,
(e) In the fifth year, 20 per cent,

of the greater of the mine profits calculated for the mine in respect of the year 1956 or those calculated in respect of the year preceding the year the mine or mineral works last operated, and none of such mine profits of the mine shall thereafter be included,

or 100 per cent of the total of subclauses i and ii, whichever is the greater;

(h) "municipality" means a city, town, village, township or improvement district;

(i) "register" means register provided under subsection 1 of section 19;

(j) "total of all estimates approved for the purpose of mining payments" in respect of any municipality for any specified year means,

(i) the total amount that would have been levied in that year for all purposes of the municipality and its local board if no mining payment for that year were received,

less,

(ii) the portion of the payment for that year computed under clause a of section 5,

and subject to,

(iii) any debit or credit adjustments re capital expenditures out of revenue and deficits as determined by the Department.

2. (1) For the purpose of this Regulation a person shall be deemed to be resident in that municipality in which he is assessed as owner or tenant of a residence in which either his wife or any dependent child resides and, if not so assessed, in that municipality in which he ordinarily eats and sleeps.

(2) For the purpose of subclause iii of clause g of section 1, the date on which any mine or mineral works last operated is that certified by the mine assessor under The Mining Tax Act.

3. This Regulation applies to designated mining municipalities only.

DESIGNATION OF MINING MUNICIPALITIES

4. The following municipalities are designated as mining municipalities for the purposes of this Regulation:

1. The City of Sudbury.

2. The towns of Blind River, Caledonia, Capreol, Chelmsford, Cobalt, Geraldton, Goderich, Haileybury, Levack, Matheson, Ojibway, Timmins.

3. The villages of Bancroft, Hagersville, Madoc, Marmora.

4. The townships of Atikokan, Balfour, Belmont and Methuen, Black River, Blezard, Bucke, Capreol, Cardiff, Casimir, Jennings and Appleby, Coleman, Dowling, Drury, Denison and Graham, Dungannon, Falconbridge, Faraday, Hagar, Hanmer, Larder Lake, Marmora and Lake, McGarry, Michipicoten, Mountjoy, Neelon and Garson, Oneida, Playfair, Ratter and Dunnet, Rayside, Red Lake, Ross, Seneca, Teck, Tisdale, Watters, Whitney.

5. The improvement districts of Balmertown, Beardmore, Bicroft, Elliot Lake, Gauthier, Manitouwadge, Onaping, Renabie.

COMPUTATION OF PAYMENT

(1) In each year the Minister shall make a payment to each mining municipality, being the total of,

(a) $45 for each mining employee shown in the register of the preceding year as resident in and working outside the municipality; and

(b) the amount in dollars resulting from applying the adjusted mill rate to the municipal mines assessment of the municipality.

(2) Where in determining the amount of a mining payment in any year the amount of the mines profits has been estimated, and the true amount as calculated under section 3 of The Mining Tax Act, when known, is greater or less than the estimate, the difference shall be respectively subtracted from or added to the amount of the mines profits used in computing the mining payment in the following year.

In any year, the Minister may reduce the total payment to any municipality to an amount equal to 50 per cent of the sum of the total of all estimates for the preceding year approved for the purpose of mining payments for that municipality and the portion of the payment for that year computed under clause a of section 5.

In any year that the amount of a payment computed in accordance with section 5 is less than the total of the mines profits tax that would be collectable for that year by the municipality if it were not designated as a mining municipality and the amount the municipality could reasonably expect under a special grant scheme of Ontario, the Minister may increase the payment to an amount equal to 50 per cent of the sum of the total of all estimates for the preceding year approved for the purpose of mining payments for that municipality and the portion of the payment for that year computed under clause a of section 5.

Where in any year by inadvertence an amount has been approved by the Minister in excess of that computed in accordance with this Regulation, the Minister may pay the excess and the excess shall be recovered out of payments made to the municipality under this Regulation in subsequent years, over such term as is determined by the Minister.

For the purpose of computing payment to a municipality in the year of designation as a mining municipality, the adjusted mill rate and the municipal mines assessment of the municipality referred to in clause b of section 5 shall be computed in reference to the year in which the designation is made.

10. Notwithstanding clause a of section 1, in the case of a municipality designated as a mining municipality in the year of its incorporation, the adjusted mill rate for the purpose of computing the payment for the year of incorporation is the number of mills in the dollar determined by dividing the total of all estimates approved for the purpose of mining payments for that municipality for the said year by the total of the municipal mines assessment and the equalized assessment of the municipality for the same year; but, in determining the estimates approved for the purpose of mining payments, the amount to be deducted as the portion of the payment computed under clause a of section 5 is the amount determined at $45 per mining employee shown in the register of the year of incorporation as residing in and working outside the municipality.

11. (1) Where in any mining municipality the last operating mine closes down, the payment in the first year after the closing and in each year thereafter shall not be computed in accordance with section 5, 6 or 7, but the Minister shall make a payment

(a) in the first year equal to 100 per cent;
(b) in the second year equal to 80 per cent;
(c) in the third year equal to 60 per cent;
(d) in the fourth year equal to 40 per cent; and
(e) in the fifth year equal to 20 per cent,

of the payment made in the year in which the mine closes down, but the Minister may, in his discretion, accelerate any of the payments mentioned in clauses b, c, d and e in respect of a municipality for the dissolution of which an application has been made.

(2) Subsection 1 does not apply where the register of the municipality, for the year in which the mine closed, showed miners resident in and working outside the municipality.

12. Except in the cases to which subsection 1 of section 11 applies, if the amount payable to a mining municipality under this Regulation is less in any year than the amount paid in the preceding year, the Minister may approve an amount not greater than the larger amount.

CONDITIONS OF PAYMENT

13. (1) Where a mining municipality does not comply with this Regulation or does not obtain the approval of the Minister to

(a) the estimates of the municipality and its local boards;

(b) the amounts to be provided for and included in the estimates, whether to be provided by taxation or otherwise;

(c) the imposition, rating and levying of all rates, assessments and taxation upon any or all of the rateable property within the municipality;

(d) the rates, rents and charges imposed, levied or collectable for supply or service of any public utility;

(e) the imposition and charging of all license, permit or other fees, charges and expenses; and

(f) the sale or other disposition of any assets,

the Minister may withhold the whole or any part of a payment from the mining municipality.

(1a) Where in the opinion of the Minister a mining municipality has not prepared its assessment roll or made its assessment in compliance with The Assessment Act the Minister may withhold the whole or any part of a payment under this Regulation.

(2) When the municipality complies with this Regulation and obtains the approvals under subsection 1 within the year in respect of which the payment is computed, the Minister shall make the payment so withheld.

14. The Minister shall have access at all times to all books, records, papers and documents of a mining municipality and of every local board, including, but without limiting the generality of the foregoing, all assessment rolls, collectors' rolls, by-laws, minute books, books of account, vouchers and other records, papers and documents relating to its and their financial transactions, and may inspect examine, audit and copy the books, records, papers and documents.

15. Where in any year the amount voted by the Legislature for the payments under this Regulation is insufficient to make the payments in full, the Minister may make a pro rata reduction.

EQUALIZATION OF ASSESSMENT

16. For the purpose of making uniform the methods of preparing assessment rolls in mining municipalities and for ascertaining whether the valuations of real property made by the assessor of each mining municipality bear a just relation one to another, the Minister may supervise the assessment and advise the assessors in respect of any particular assessments, or ommission to assess or generally in respect of all the assessments, or assessments of land only, or of buildings only, or business, included in the roll or rolls.

17. The Minister may ascertain whether the values of all lands and buildings and the amounts of business assessments as set down in the assessment roll or rolls of a mining municipality bear a just relation one to another.

18. (1) In order to make a just distribution of payments as between mining municipalities, the Minister may in each year in respect of each municipality equalize the real property assessments and the business assessments upon which the current year's taxes are to be levied.

(2) The real property assessment together with business assessments of a mining municipality, as equalized by the Minister, is the equalized assessment of the mining municipality for the purpose of this Regulation.

TABULATION OF MINING EMPLOYEES

19. (1) In each year the assessor of a mining municipality shall enter in a register, provided for the purpose by the clerk of the municipality, the name of every mining employee residing in the municipality, the name of the mine or mineral work at which the person is employed and the name of the municipality in which the mine or mineral work is located.

(2) Where the mine or mineral work is located in an area without municipal organization, the word "unorganized" shall be entered by the assessor after the name of the mine or mineral work.

(3) The register duly completed and certified by the assessor shall be returned to the clerk of the municipality with the assessment roll.

(4) The clerk shall make and certify a return to the Minister showing the number of mining employees,

(a) residing in and working in the municipality; and

(b) residing in and working outside the municipality as determined by the register.

20. The Minister may agree with the council of a mining municipality on the total number of non-resident mining employees in the municipality after a reference to the mines or mineral works or to the Ontario Mining Association has disclosed the number in the employ of the mines or mineral works on the 1st day of October in any year.

THE ASSOCIATION OF MINING MUNICIPALITIES OF NORTHERN ONTARIO

BRIEF TO

THE ONTARIO COMMITTEE ON TAXATION

OUTLINE OF SOME OF THE DIFFICULTIES AND RESULTING INEQUITIES WHICH RESULT FROM ATTEMPTS TO LEVY A TAX FOR MUNICIPAL PURPOSES ON ANY ASSESSMENT BASED ON A PHYSICAL APPRAISAL OF MINING PROPERTIES

1. The milling and other plant must be located on top of the ore body (or adjacent thereto) and ordinary requirements which determine the location of an industrial plant do not apply, such as transportation, availability of labour pool, closeness to market, serviced land, etc. The location of the ore body determines the site of the mine plant.

2. The plant has no value (except salvage) if there is no ore to treat.

3. A large part of the plant is located underground. A considerable amount of crushing is carried on underground and there have been some mines where the whole plant was located underground.

4. The older the mine the more structures are underground.

5. Partial use of structures both on surface and underground, such as shafts, creates difficulty in assessing.

6. It is impossible to equitably appraise ore in place for assessment and taxation purposes. This view is borne out by experience in other jurisdictions where the over-taxation of ore in place for state and municipal purposes has resulted in closing of low grade marginal operations requiring large investments in processing plants. We refer you to the State of Minnesota and its iron mining industry .....

"Unquestionably, Minnesota is in competition with other States and Canada for the location of iron ore concentrators. The mining industry will build plants where they feel the total cost of operation will be lowest for the projected life of the plant. Taxes are important factors of consideration in the location of such plants. The present level of taxes is important, but the level of taxes in the future is even more important."

"The uncertainties of future tax burdens in the state is one of the major reasons why mining companies are going elsewhere to build their plants."

(Iron Mining and Taxes in Minnesota, by James B. McComb - 1961).

Several Ontario low-grade iron deposits involving large concentrating and pelletizing plants are now in various stages of development. The stability of the existing Ontario tax structure was a substantial consideration in the several decisions to proceed with these developments.

7. Some mines have little surface plant and are carried on as an open pit operation. Others as open pit with huge plant capacity for concentration and beneficiation of low-grade ores.

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Regulation 31

under The Assessment Act

PAYMENTS TO MINING MUNICIPALITIES

INTERPRETATION

1. In this Regulation,

(*a*) "adjusted mill rate" means the number of mills in the dollar determined by dividing the total of all estimates for the preceding year approved for the purpose of mining payments in respect of a municipality by the total of the municipal mines assessment and the equalized assessment of the municipality for the same year;

(*b*) "approval of the Minister" means the approval of the Minister as signified by his signature on estimates, by-laws, resolutions, conveyances and other records and documents;

(*c*) "equalized assessment" means the assessment amount determined in accordance with section 18;

(*d*) "local board" means any school board, public utility commission, transportation commission, public library board, board of park management, local board of health, board of commissioners of police, planning board or any other board, commission, committee, body or local authority established or exercising any power or authority under any general or special Act with respect to any of the affairs or purposes, including school purposes, of a municipality or of two or more municipalities or portions thereof;

(*e*) "mine or mineral work" includes smelters;

(*f*) "mining employee" means any person who is in receipt of or entitled to any salary, wages, or other direct compensation for services or labour performed in Ontario at the locations excepted from assessment under subsection 5 of section 35 of the Act, and who is,

(i) resident in a mining municipality at the time of the making of the last assessment of the mining municipality, or

(ii) resident outside a mining municipality and employed at a mine or mineral work in a mining municipality on the 1st day of October in any year;

(*g*) "municipal mines assessment" means 50 per cent of the total of,

(i) $1,800 for each mining employee shown in the register of the preceding year as working and residing in the municipality,

(ii) $900 for each mining employee working in and residing outside the municipality on the 1st day of October in the preceding year as determined under section 20, and

(iii) mines profits as calculated under section 3 of *The Mining Tax Act* and set out by the mine assessor in the notices of assessment referred to in section 11 of *The Mining Tax Act* in respect of all mines or mineral works located in the year of payment in the area comprising the municipality in that year, the amount of such mine profits to be the greater of those calculated with respect to the year 1956 or those calculated with respect to the year two years preceding the year of payment, but in this calculation the mine profits earned by a mine or mineral works that last operated on or after the 1st day of January, 1957, shall, in each of the five years following the year in which the mine or mineral works last operated, be the amount calculated as follows:

a. in the first year, 100 per cent;
b. in the second year, 80 per cent;
c. in the third year, 60 per cent;
d. in the fourth year, 40 per cent;
e. in the fifth year, 20 per cent,

of the greater of the mine profits calculated for the mine in respect of the year 1956 or those calculated in respect of the year preceding the year the mine or mineral works last operated, and none of such mine profits of the mine shall thereafter be included,

or 100 per cent of the total of subclauses i and ii, whichever is the greater;

(*h*) "municipality" means a city, town, village, township or improvement district;

(*i*) "register" means register provided under subsection 1 of section 19;

(*j*) "total of all estimates approved for the purpose of mining payments" in respect of any municipality for any specified year means,

(i) the total amount that would have been levied in that year for all purposes of the municipality and its local boards if no mining payment for that year were received,

less,

(ii) the portion of the payment for that year computed under clause *a* of section 5,

and subject to,

(iii) any debt or credit adjustment re capital expenditures out of revenue and deficits as determined by the Department. O. Reg. 114/60, s. 1.

2.—(1) For the purpose of this Regulation a person shall be deemed to be resident in that municipality in which he is assessed as owner or tenant of a residence in which either his wife or any dependent child resides and, if not so assessed, in that municipality in which he ordinarily eats and sleeps.

(2) For the purpose of subclause iii of clause *g* of section 1, the date on which any mine or mineral works last operated is that certified by the mine assessor under *The Mining Tax Act*. O. Reg. 114/60, s. 2.

3. This Regulation applies to designated mining municipalities only. O. Reg. 114/60, s. 3.

DESIGNATION OF MINING MUNICIPALITIES

4. The following municipalities are designated as mining municipalities for the purposes of this Regulation:

1. The City of Sudbury.
2. The towns of Blind River, Capreol, Chelmsford, Cobalt, Geraldton, Haileybury, Levack, Matheson, Ojibway, Timmins.
3. The villages of Bancroft, Caledonia, Hagersville, Marmora.
4. The townships of Atikokan, Balfour, Belmont and Methuen, Black River, Blezard, Bucke, Capreol, Cardiff, Casimir, Jennings and Appleby, Coleman, Dowling, Drury, Denison and Graham, Falconbridge, Faraday, Hagar, Hanmer, Larder Lake, Marmora and Lake, Matachewan, Michipicoten, Mountjoy, Neelon and Garson, Oneida, Playfair, Rayside, Red Lake, Ross, Seneca, Teck, Tisdale, Waters, Whitney.
5. The improvement districts of Balmertown, Beardmore, Bicroft, Elliot Lake, Gauthier, Manitouwadge, McGarry, Onaping, Renabie. O. Reg. 114/60, s. 4.

COMPUTATION OF PAYMENT

5. In each year the Minister shall make a payment to each mining municipality, being the total of,

(*a*) $45 for each mining employee shown in the register of the preceding year as resident in and working outside the municipality; and

(*b*) the amount in dollars resulting from applying the adjusted mill rate to the municipal mines assessment of the municipality. O. Reg. 114/60, s. 5.

6. In any year, the Minister may reduce the total payment to any municipality to an amount equal to 50 per cent of the sum of the total of all estimates for the preceding year approved for the purpose of mining payments for that municipality and the portion of the payment for that year computed under clause *a* of section 5. O. Reg. 114/60, s. 6.

7. In any year that the amount of a payment computed in accordance with section 5 is less than the total of the mines profits tax that would be collectable for that year by the municipality if it were not designated as a mining municipality and the amount the municipality could reasonably expect under a special grant scheme of Ontario, the Minister may increase the payment to an amount equal to 50 per cent of the sum of the total of all estimates for the preceding year approved for the purpose of mining payments for that municipality and the portion of the payment for that year computed under clause *a* of section 5. O. Reg. 114/60, s. 7.

8. Where in any year by inadvertence an amount has been approved by the Minister in excess of that computed in accordance with this Regulation, the Minister may pay the excess and the excess shall be recovered out of payments made to the municipality under this Regulation in subsequent years, over such term as is determined by the Minister. O. Reg. 114/60, s. 8.

9. For the purpose of computing payment to a municipality in the year of designation as a mining municipality, the adjusted mill rate and the municipal mines assessment of the municipality referred to in clause *b* of section 5 shall be computed in reference to the year in which the designation is made. O. Reg. 114/60, s. 9.

10. Notwithstanding clause *a* of section 1, in the case of a municipality designated as a mining municipality in the year of its incorporation, the adjusted mill rate for the purpose of computing the payment for the year of incorporation is the number of mills in the dollar determined by dividing the total of all estimates approved for the purpose of mining payments for that municipality for the said year by the total of the municipal mines assessment and the equalized assessment of the municipality for the same year; but, in determining the estimates approved for the purpose of mining payments, the amount to be deducted as the portion of the payment computed under clause *a* of section 5 is the amount determined at $45 per mining employee shown in the register of the year of incorporation as residing in and working outside the municipality. O. Reg. 114/60, s. 10.

11.—(1) Where in any mining municipality the last operating mine closes down, the payment in the first year after the closing and in each year thereafter shall not be computed in accordance with section 5, 6 or 7, but the Minister shall make a payment,

(*a*) in the first year equal to 100 per cent;

(*b*) in the second year equal to 80 per cent;

(*c*) in the third year equal to 60 per cent;

(*d*) in the fourth year equal to 40 per cent; and

(*e*) in the fifth year equal to 20 per cent,

of the payment made in the year in which the mine closes down.

(2) Subsection 1 does not apply where the register of the municipality, for the year in which the mine closed, showed miners resident in and working outside the municipality. O. Reg. 114/60, s. 11.

12. Except in the cases to which subsection 1 of section 11 applies, if the amount payable to a mining municipality under this Regulation is less in any year than the amount paid in the preceding year, the Minister may approve an amount not greater than the larger amount. O. Reg. 114/60, s. 12.

CONDITIONS OF PAYMENT

13.—(1) Where a mining municipality does not comply with this Regulation or does not obtain the approval of the Minister to,

(*a*) the estimates of the municipality and its local boards;

(*b*) the amounts to be provided for and included in the estimates, whether to be provided by taxation or otherwise;

(*c*) the imposition, rating and levying of all rates, assessments and taxation upon any or all of the rateable property within the municipality;

(*d*) the rates, rents and charges imposed, levied or collectable for supply or service of any public utility;

(*e*) the imposition and charging of all licence, permit or other fees, charges and expenses;

(*f*) the sale or other disposition of any assets; and

(*g*) the passing of by-laws providing for the issue of debentures, the hypothecation of debentures or the sale thereof,

the Minister may withhold the whole or any part of a payment from the mining municipality.

(2) When the municipality complies with this Regulation and obtains the approvals under subsection 1 within the year in respect of which the payment is computed, the Minister shall make the payment so withheld. O. Reg. 114/60, s. 13.

14. The Minister shall have access at all times to all books, records, papers and documents of a mining municipality and of every local board, including, but without limiting the generality of the foregoing, all assessment rolls, collectors' rolls, by-laws, minute books, books of account, vouchers and other records, papers and documents relating to its and their financial transactions, and may inspect, examine, audit and copy the books, records, papers and documents. O. Reg. 114/60, s. 14.

15. Where in any year the amount voted by the Legislature for the payments under this Regulation is insufficient to make the payments in full, the Minister may make a *pro rata* reduction. O. Reg. 114/60, s. 15.

EQUALIZATION OF ASSESSMENT

16. For the purpose of making uniform the methods of preparing assessment rolls in mining municipalities and for ascertaining whether the valuations of real property made by the assessor of each mining municipality bear a just relation one to another, the Minister may supervise the assessment and advise the assessors in respect of any particular assessment or omission to assess or generally in respect of all the assessments, or assessments of land only, or of buildings only, or business, included in the roll or rolls. O. Reg. 114/60, s. 16.

17. The Minister may ascertain whether the values of all lands and buildings and the amounts of business assessments as set down in the assessment roll or rolls of a mining municipality bear a just relation one to another. O. Reg. 114/60, s. 17.

18.—(1) In order to make a just distribution of payments as between mining municipalities, the Minister may in each year in respect of each municipality equalize the real property assessments and the business assessments upon which the current year's taxes are to be levied.

(2) The real property assessment together with business assessments of a mining municipality, as equalized by the Minister, is the equalized assessment of the mining municipality for the purpose of this Regulation. O. Reg. 114/60, s. 18.

TABULATION OF MINING EMPLOYEES

19.—(1) In each year the assessor of a mining municipality shall enter in a register provided for the purpose by the clerk of the municipality the name of every mining employee residing in the municipality, the name of the mine or mineral work at which the person is employed and the name of the municipality in which the mine or mineral work is located.

(2) Where the mine or mineral work is located in an area without municipal organization, the word "unorganized" shall be entered by the assessor after the name of the mine or mineral work.

(3) The register duly completed and certified by the assessor shall be returned to the clerk of the municipality with the assessment roll.

(4) The clerk shall make and certify a return to the Minister showing the number of mining employees,

(*a*) residing in and working in the municipality; and

(*b*) residing in and working outside the municipality as determined by the register. O. Reg. 114/60, s. 19.

20. The Minister may agree with the council of a mining municipality on the total number of non-resident mining employees in the municipality after a reference to the mines or mineral works or to the Ontario Mining Association has disclosed the number in the employ of the mines or mineral works on the 1st day of October in any year. O. Reg. 114/60, s. 20.